

W A S H I N G T O N
H I G H E R
EDUCATION
C O O R D I N A T I N G B O A R D

December 2004

Minutes of October 21 Meeting

HECB Members Present

Mr. Bob Craves, chair
Mr. Jesus Hernandez
Mr. Gene Colin
Mr. Michael Worthy
Dr. Sam Smith
Mr. Herb Simon
Mr. Bill Marler
Mr. Anthony Rose

Welcome and introductions

Bea Kiyohara, vice president of development services at Seattle Central Community College, welcomed the board members and others in attendance to the campus.

Consent agenda items approved

ACTION: **Gene Colin** moved and **Herb Simon** seconded a motion to approve all five items on the consent agenda, including: the minutes of the September meeting; the 2005 HECB meeting calendar (**Res. 04-23**); appointment of board officers and committee members; adoption of final rules for the Future Teachers Condition Loan (**Res. 04-24**); and approval of a new master's program at Central Washington University, Masters in Education in Inclusive Teaching Strategies (**Res. 04-25**). The motion was unanimously approved.

Director's report

HECB Executive Director James Sulton summarized the day's agenda and provided updates on agency activities.

- Staff have been involved with the governor's office and the Office of Financial Management (OFM) regarding the Priorities of Government project (POG), which is aimed at prioritizing state spending. The question remains whether the new administration will continue the project.
- Discussions continue regarding performance contracts for the UW and WSU. The HECB has been following the legislative mandate to assist OFM and its work with the University of Washington and Washington State University to develop prototypes for performance contracts. Both universities have submitted draft contracts to the governor's office.
- Sulton reported that Washington State's Guaranteed Education Tuition program (GET) is very successful and rapidly expanding. As of Sept. 30, the program had more than 44,500 active accounts totaling \$477.5 million, with over 1,800 students currently using their benefits; 76 percent attending in-state schools, and 24 percent attending out-of-state colleges. For the 2004-05 enrollment year, GET has received 363 new enrollments so far.

Sulton reviewed some of the requirements of House Bill 3103, which was enacted by the 2004 Legislature. The measure calls for:

- A review of institutions' role and mission statements, to ensure that they are in alignment with the 2004 Strategic Master Plan;
- Monitoring and reporting on accountability measures; developing performance targets; and
- Developing demand assessments for workforce training.

To that end, arrangements have been made for joint meetings between the HECB and the State Board for Community and Technical Colleges (Nov. 15), as well as between the HECB and the Workforce Training and Education Coordinating Board (Jan. 27).

Fiscal Committee report

Fiscal committee chair Herb Simon updated the board on recent activities related to the agency's budget request. State law requires the HECB to make recommendations to the governor and Legislature regarding spending priorities for Washington's colleges and universities. To address this issue, the fiscal committee has been meeting regularly since July to discuss capital and operating budgets for higher education.

During the board's September meeting, institutional representatives presented their 2005-07 budget requests, while OFM director Marty Brown discussed a projected state budget problem of about \$1.1 billion. This scenario is expected to present a challenge for state officials in their effort to adequately fund the goals of the board's master plan.

The fiscal committee recommends that \$848 million be added to the 2005-07 operating budget (which currently totals approximately \$2.7 billion) to fund higher education needs. Higher education represents 11.5 percent of the state's general fund.

Operating budget recommendations

Gary Benson, HECB fiscal director, provided an overview of the board's higher education operating budget recommendations. Implementing the goals of the 2004 Strategic Master Plan will require that the state:

- Increase the number of associate degrees by 1,700 annually, for a total of 23,500 per year;
- Increase the number of bachelor's degrees attained by 4,000 annually, for a total of 30,000 per year; and
- Increase the number of master's or professional degrees attained by 1,300 annually, for a total of 11,500 by 2010.

Benson said that comparative studies of peer institutions in other states, as well as the current over-enrollment situation in Washington colleges and universities, are the major issues that are driving the fiscal committee's operating budget recommendations. During the last academic year, the state's public four-year institutions enrolled about 4,000 more students than were supported by state funds, while the two-year colleges enrolled an additional 11,000 students – for a total of 15,000 over-enrollments. This number has tripled since the 2000-01 academic year.

With regard to faculty salaries, Benson said the University of Washington would have to increase annual faculty salaries by 30 percent to reach the average of peer institutions in other states. Washington State University would have to increase salaries by 14 percent to reach the average, while the regional comprehensive institutions would need to increase salaries by 16 percent to reach the average. In addition, FTE funding per student in Washington is also less than FTE funding at comparable institutions in other states. The University of Washington falls short by \$2,637 per student, Washington State University lags by \$1,337 per student. The regional comprehensive institutions have a \$791 per-student gap.

The HECB's recommended \$848 million increase to the state operating budget would be distributed as follows:

- ▶ \$235.8 million for new enrollments, increasing FTE funding in an effort to increase degree production;
- ▶ \$240 million to support faculty salary increases;
- ▶ \$80 million for program improvements (reducing the per-student funding gap compared with other institutions);
- ▶ \$30 million to increase enrollments in high-demand fields;
- ▶ \$160 million to expand student financial aid;
- ▶ \$1.6 million to help transfer students earn bachelor degrees;
- ▶ \$0.5 million for an improved data system to measure student success; and
- ▶ \$100 million for expanded state-funded research.

Capital budget recommendations

The fiscal committee recommends a total of \$1.04 billion for higher education capital projects during the 2005-07 biennium. This includes \$587 million for the four-year institutions and \$450 million for the community and technical colleges.

Public Comments

Steve Wall, district chancellor of Pierce College, commented that when tuition increases were implemented in his college to adjust for reductions in state funding, the school experienced a slight decrease (approximately four percent or 200 out of 5,000) in FTEs. Wall also expressed a desire for the SBCTC to continue allocating high-demand enrollments at the two-year institutions.

Chris Reykdal, SBCTC operating budget director, said that the HECB's recommendation to allow for 7 percent annual increases in tuition would cause serious obstacles for students in the two-year system. As an alternative, he suggested a tuition cap that better reflects aggregate annual income increases.

Vi Boyer, president of the Independent Colleges of Washington, reiterated the independent colleges' interest in participating in the competitive process for high-demand enrollments.

Terry Teale, executive director of the Council of Presidents, along with CWU Provost David Soltz and UW Dean Emeritus Fred Campbell, spoke on behalf of the four-year institutions and in support of the HECB identifying the *actual need* for higher education funding. They spoke of the need to align tuition, financial aid, and state support, and suggested that tuition policy reflect better the true cost of instruction and consider cost differences between upper- and lower-division classes and the actual cost of offering the classes.

Teale suggested that the HECB convene a group to discuss the "real needs" of higher education, along with possible solutions. A "one size fits all" policy will not work, she said. She also expressed interest in addressing tuition policy. Sulton announced that the HECB and the House Higher Education Committee will hold a roundtable discussion regarding tuition policy on Dec. 1st.

Others testifying included Wendy Rader-Kanofalski, representing the Washington Federation of Teachers, and Steve Lindstrom, advisor to the Washington Student Lobby.

ACTION: Herb Simon moved and Jesus Hernandez seconded approval of the higher education 2005-07 operating and capital budget recommendations (**Res. 04-26**). The motion was unanimously approved.

Legislative session overview

Bruce Botka, HECB director of intergovernmental relations, provided a preview of the 2005 legislative session. The HECB is scheduled to adopt a formal legislative agenda during its Dec. 10th meeting at Tacoma Community College. Gov. Locke will make his final budget proposal to the Legislature on Dec. 20th, and Locke's successor will present his or her budget priorities after January 12, 2005.

Botka said the projected \$1.1 billion budget shortfall will force some adjustments. Historically, several options have been considered when expenditures exceeded revenues, including tax increases, reducing or eliminating state programs (or eliminating projected increases), and combinations of spending reductions and revenue increases.

Once the board has adopted its final operating and capital budget recommendations, those priorities will be integrated into the board's official legislative agenda for the 2005 session. Budget-related issues to be addressed in the legislative agenda include tuition policy, high-demand enrollment, performance contracts, and the financial aid pilot program.

Policy issues to be addressed include regional planning and branch campuses, remedial education for recent high school graduates, the role of private colleges and universities, and tuition policy regarding undocumented students. The HECB is also required to submit reports and recommendations on college and university accountability measures, improvements in transfer programs for students seeking bachelor's degrees, "dual credit" programs, and development of a student data record system.

Cost estimates and implementation plan (2004 Strategic Master Plan)

Sulton provided background information on cost estimates and proposed implementation strategies for the 2004 Strategic Master Plan. He explained that the board remains committed to rewarding public colleges and universities for student success as outlined in the master plan's "funding for student success" proposal. Because this concept represents a significant change in the way business is conducted in higher education, however, the HECB is proposing that the state continue enrollment-based funding for the 2005-07 biennium, and develop a new goals-oriented funding model that could be phased in during the 2007-09 biennium.

Sulton said the regional planning implementation policy proposal is broader than the approach originally envisioned in July, explaining that the new approach better integrates the requirements of HB 3103 and HB 2707, as well as the goals of the master plan. The development of a student credit-hour base-course equivalency system for articulation and student transfer holds great promise for students, faculty and professional staff members throughout the system, he said. The plan strongly endorses and supports K-12 education reform, calling for the state to recognize and provide a more challenging curriculum for students in the 11th and 12th grades.

Although the master plan is divided into 11 policy initiatives, all are interrelated and aligned with two principal goals for higher education: increasing the number of students who graduate from

college or complete job training programs, and taking steps to ensure that the higher education system is more responsive to the needs of the state's economy.

The HECB has received significant feedback on its implementation plan, which is the template for execution of the strategic master plan. Sulton said that staff will continue to hold meetings and interact with stakeholder groups to ensure that the 2004 Strategic Master Plan continues to be a living document.

Public Comment

David Harrison, chair of the Workforce Training and Education Coordinating Board (WTECB) and Madeleine Thompson, policy analyst, focused their comments on three specific goals: high-demand occupations (particularly health care), funding for student success, and creating multiple paths for technical preparation.

Harrison suggested that the business sector be invited to the table with the HECB, WTECB, and the SBCTC to talk about their needs over the next five to 10 years.

Fred Campbell emphasized the need for the community colleges and the four-year schools to collaborate in addressing common problems and goals. He said one of the challenges is pulling various parts of the implementation plan into larger scale themes that would enable different sectors to work together and make a clear statement of where higher education needs to go.

Terry Teal made a commitment to the board that the Council of Presidents, its staff, and the various groups that the Council convenes are prepared to pitch in and conduct the hard conversations that need to be undertaken in order to make the implementation plan a success. More specifically, the COP would like to work with the HECB to better understand and develop the funding strategies outlined in the *Funding for Success* program.

Teale also said that the COP would like to work with the HECB in aligning the institutions' strategic planning with the goals of the strategic master plan.

EWU Provost Brian Levin-Stankevich reiterated that the critical issue for all is the "size and the shape" of the higher education system. CWU Provost David Soltz said that performance contracts are the best way to fund outcomes in higher education – including funding for degree production and other desired outcomes. Carl See, UW student, spoke of the need to protect the quality of graduate studies.

ACTION: **Bob Craves** moved approval of the master plan cost estimates and implementation plan (**Res. 04-27**). **Mike Worthy** seconded the motion, which was unanimously approved.

The meeting was adjourned at 4:30 p.m.



STATE OF WASHINGTON
HIGHER EDUCATION COORDINATING BOARD

917 Lakeridge Way SW • PO Box 43430 • Olympia, WA 98504-3430 • (360) 753-7800 • FAX (360) 753-7808 • www.hecb.wa.gov

RESOLUTION NO. 04-23

WHEREAS, The Higher Education Coordinating Board is required to adopt an annual calendar of regular meeting dates for publication in the State Register; and

WHEREAS, The Executive Committee of the Board reviewed and approved a proposed 2005 meeting schedule at its October 21, 2004 meeting;

THEREFORE, BE IT RESOLVED, That the Higher Education Coordinating Board adopts the attached HECB 2005 meeting calendar.

Adopted:

October 21, 2004

Attest:

A handwritten signature in cursive script, appearing to read "Bob Craves", written over a horizontal line.

Bob Craves, Chair

A handwritten signature in cursive script, appearing to read "Gene Colin", written over a horizontal line.

Gene Colin, Secretary



STATE OF WASHINGTON
HIGHER EDUCATION COORDINATING BOARD

917 Lakeridge Way SW • PO Box 43430 • Olympia, WA 98504-3430 • (360) 753-7800 • FAX (360) 753-7808 • www.hecb.wa.gov

RESOLUTION NO. 04-24

WHEREAS, The Legislature passed House Bill 2708 revising the Future Teacher Conditional Scholarship and Loan Repayment Program (RCW 28B.102); and

WHEREAS, House Bill 2708 became law on June 10, 2004; and

WHEREAS, The Higher Education Coordinating Board is directed by RCW 28B.102.030 to adopt rules as necessary to implement the program; and

WHEREAS, The board directed staff at the July 22, 2004 meeting to proceed with the process required to adopt permanent rules to implement the new program; and

WHEREAS, Staff solicited feedback from interested parties and incorporated those comments into the proposed rules before beginning the formal rulemaking process; and

WHEREAS, Staff held a public hearing on the proposed rules on September 7, 2004, but received no public comments; and


WHEREAS, The Higher Education Coordinating Board staff recommend a technical correction to the proposed rules to clarify that bilingual applicants do not have to teach in a teacher shortage area in order to receive priority in fiscal year 2005;

NOW, THEREFORE BE IT RESOLVED, That the Higher Education Coordinating Board adopts Chapter 250-65 WAC as revised.

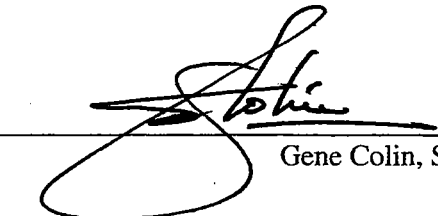
Adopted:

October 21, 2004

Attest:



Bob Craves, Chair



Gene Colin, Secretary



STATE OF WASHINGTON
HIGHER EDUCATION COORDINATING BOARD

917 Lakeridge Way SW • PO Box 43430 • Olympia, WA 98504-3430 • (360) 753-7800 • FAX (360) 753-7808 • www.hecb.wa.gov

RESOLUTION NO. 04-25

WHEREAS, Central Washington University proposes to establish a Masters of Education in Inclusiveness Teaching Strategies; and

WHEREAS, The program represents a collaborative effort by faculty that will build on existing expertise and course offerings to respond to a clearly stated need in light of the changing demands placed on teachers and students; and

WHEREAS, The external reviews attest to the high quality of the program and faculty, and to the demand for the skills developed in this program; and

WHEREAS, The assessment and diversity initiatives are appropriate for the program; and

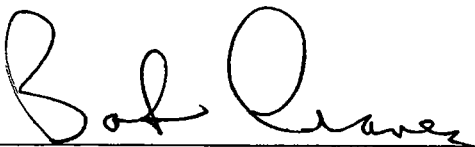
WHEREAS, The costs are reasonable;

THEREFORE, BE IT RESOLVED, That the Higher Education Coordinating Board approves the Central Washington University proposal to establish a Masters of Education in Inclusiveness Teaching Strategies, effective October 21, 2004.

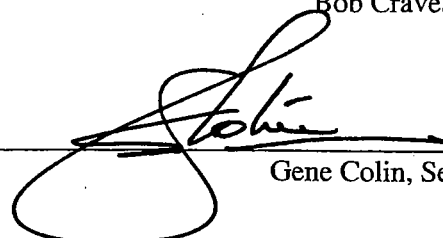
Adopted:

October 21, 2004

Attest:



Bob Craves, Chair



Gene Colin, Secretary



STATE OF WASHINGTON
HIGHER EDUCATION COORDINATING BOARD

917 Lakeridge Way SW • PO Box 43430 • Olympia, WA 98504-3430 • (360) 753-7800 • FAX (360) 753-7808 • www.hecb.wa.gov

RESOLUTION NO. 04-26

WHEREAS, The Washington Higher Education Coordinating Board (HECB) is a citizens board appointed by the governor and confirmed by the senate and is required to make budget recommendations for higher education funding to both the governor and the legislature; and

WHEREAS, These recommendations are to be based on a review and evaluation of the operating and capital budget requests from the four-year institutions and the community and technical college system and how well these requests align with the board's budget priorities, the missions of the institutions, and the statewide strategic master plan for higher education; and

WHEREAS, The Board adopted the *2004 Strategic Master Plan for Higher Education* where it described its vision, goals, and specific proposals for improving the higher education segment of the state's education system; and

WHEREAS, The strategic master plan includes two goals: (1) increasing the opportunities for students to earn degrees and (2) responding to the state's economic needs; and

WHEREAS, The board has identified budget priorities linked to meeting the goals identified in the strategic master plan. These priorities include: increasing enrollments, including enrollments in high-demand fields; improving the quality of higher education by, among other things, increasing faculty and staff salaries; expanding student financial aid; providing increased funding for basic research; helping community college students to transfer; and improving the student data system; and

WHEREAS, The legislature passed and the governor signed into law House Bill 2151 which provided that the public four-year institutions work with the board and the Council of Presidents to prepare a single prioritized individual ranking of institutional capital projects; that the State Board for Community and Technical Colleges was to continue to submit a single prioritized ranking of proposed community and technical college capital projects; and that the board was to develop criteria for prioritization of these projects; and

WHEREAS, The legislature passed and the governor signed into law Senate Bill 5908 which authorized approximately \$750 million in general obligation bonds over three biennia, beginning in 2003-05, to provide additional capital funding for higher education; and

WHEREAS, The citizen governing boards of the public higher education institutions have submitted operating and capital budget requests for the 2003-05 biennium;

THEREFORE, BE IT RESOLVED, That the board endorses the operating and capital budget requests approved by the citizen governing boards of the public higher education institutions; and

THEREFORE, BE IT FURTHER RESOLVED, That the board has determined that reaching the goals outlined in the strategic master plan in the 2005-07 biennium would be accomplished by making investments of \$848 million in the 2005-07 biennium; and

THEREFORE, BE IT FURTHER RESOLVED, That the public institutions clearly explain to the governor, legislature, and the HECB how these additional resources have been used and the benefits that have accrued; and

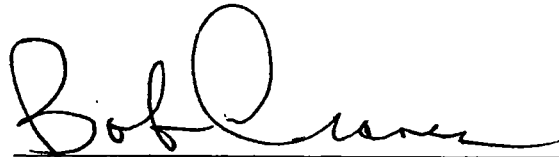
THEREFORE, BE IT FURTHER RESOLVED, That the board recommends that in the 2005-07 biennium the governor and legislature:

1. Provide \$848 million in additional state investments in the higher education operating budget to begin to accomplish the goals outlined by the HECB, and
2. Provide a total of up to \$1.04 billion in capital funding with resources from state General Obligation Bonds, local institutional capital project account funds, and reimbursable bonds to be financed from the Education Construction Fund.

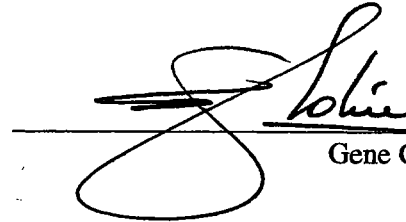
Adopted:

October 21, 2004

Attest:



Bob Craves, Chair



Gene Colin, Secretary



STATE OF WASHINGTON
HIGHER EDUCATION COORDINATING BOARD

917 Lakeridge Way SW • PO Box 43430 • Olympia, WA 98504-3430 • (360) 753-7800 • FAX (360) 753-7808 • www.hecb.wa.gov

RESOLUTION NO. 04-27

WHEREAS, State law directs the Higher Education Coordinating Board to prepare every four years a statewide *strategic master plan for higher education* that proposes a vision for higher education in the state, identifying priorities and goals; and

WHEREAS, Following a broad and rigorous effort to solicit and consider a variety of data and public testimony, the Higher Education Coordinating Board approved the 2004 Strategic Master Plan for Higher Education during its meeting on July 22, 2004; and

WHEREAS, In approving the plan, the board resolved to provide a "comprehensive implementation plan" to outline a process to accomplish the various policy proposals in the plan; and

WHEREAS, The board has drafted a plan to implement the policy proposals included in the strategic master plan, working with stakeholders and higher education representatives to develop a means to achieve the goals and execute the strategies contained in the plan; and

WHEREAS, The implementation plan, along with the 2004 Strategic Master Plan for Higher Education, provide a vital next step toward solving the state's most critical higher education needs; and

WHEREAS, The board recognizes that some of the steps included in the implementation plan could have the effect of modifying specific language approved in the July document, but has ensured that none of the proposed implementation steps will alter the goals, vision, values, or intent of the plan;

THEREFORE, BE IT RESOLVED, That the Higher Education Coordinating Board adopt the draft implementation plan as presented during its regular meeting on October 21, 2004;

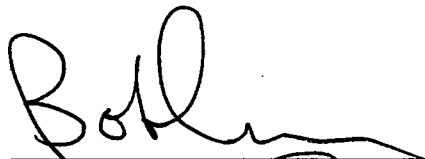
BE IT FURTHER RESOLVED, That the board directs the HECB staff to refine this document as necessary to reflect the outcome of the board's discussion during its October 21, 2004, meeting;

BE IT FURTHER RESOLVED, That the board directs the staff to integrate the various components of the strategic master plan into a single document for publication to the Legislature and governor and for statewide distribution to the public.

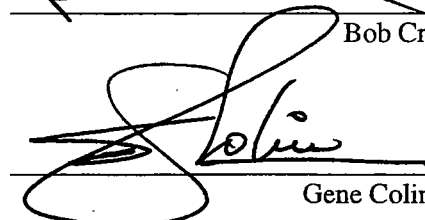
Adopted:

October 21, 2004

Attest:



Bob Craves, Chair



Gene Colin, Secretary